

**LEGISLATIVE COUNSEL**  
37-194000024  
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91ST CONGRESS  
1ST SESSION

**H. R. 14789**

# IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 13, 1969

Mr. HAYS introduced the following bill; which was referred to the Committee on Foreign Affairs

## A BILL

To amend title VIII of the Foreign Service Act of 1946, as amended, relating to the Foreign Service Retirement and Disability System, and for other purposes.

**1**      *Be it enacted by the Senate and House of Representa-*

2 tives of the United States of America in Congress assembled,

3 That this Act may be cited as the "Foreign Service Act.

#### 4 Amendments of 1969”.

## 5 TITLE I—FOREIGN SERVICE RETIREMENT

## 6 FINANCING

**7 SEC. 101. Section 804(b) of the Foreign Service Act**

8 of 1946 (22 U.S.C. 1064(b)) is amended by adding at

9 the end thereof the following new paragraphs:

10 " (4) 'Fund balance' means the sum of—

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1           “(A) the investments of the Fund calculated at  
2       par value; and

3           “(B) the cash balance of the Fund on the books of  
4       the Treasury.

5           “(5) ‘Unfunded liability’ means the estimated excess  
6       of the present value of all benefits payable from the Fund  
7       over the sum of—

8           “(A) the present value of deductions to be withheld  
9       from the future basic salary of participants and of future  
10      agency contributions to be made in their behalf; plus

11          “(B) the present value of Government payments to  
12       the Fund under section 865 of this title; plus

13          “(C) the Fund balance as of the date the unfunded  
14       liability is determined.”

15          SEC. 102. (a) Section 811 (a) of such Act (22 U.S.C.  
16       1071 (a) ) is amended by striking out “Six and one-half”  
17       and inserting in lieu thereof “Seven”.

18          (b) The amendment made by subsection (a) of this  
19       section shall become effective on the first day of the first pay  
20       period beginning after the date of enactment of this Act or  
21       after December 31, 1969, whichever is later.

22          SEC. 103. Section 852 (b) of such Act (22 U.S.C.  
23       1091 (b) ) is amended by striking out “subsequent to July 1,  
24       1924, and prior to the effective date of the Foreign Service  
25       Act Amendments of 1960, and at 6½” and inserting in lieu

1 thereof "from July 1, 1924, to October 16, 1960, and at 6½  
2 per centum from October 17, 1960, to December 31, 1969,  
3 and at 7".

4 SEC. 104. (a) Part G of title VIII of such Act (22  
5 U.S.C. 1101-1104) is amended by adding at the end thereof  
6 the following new sections:

7           **"PAYMENTS FOR FUTURE BENEFITS**

8        "SEC. 865. Any statute which authorizes—

9           "(1) new or liberalized benefits payable from the  
10 Fund, including annuity increases other than under sec-  
11 tion 882;

12          "(2) extension of the benefits of the System to new  
13 groups of employees; or

14          "(3) increases in salary on which benefits are  
15 computed;

16 is deemed to authorize appropriations to the Fund to finance  
17 the unfunded liability created by that statute, in thirty equal  
18 annual installments with interest computed at the rate used  
19 in the then most recent valuation of the System and with the  
20 first payment thereof due as of the end of the fiscal year in  
21 which each new or liberalized benefit, extension of benefits,  
22 or increase in salary is effective.

23           **"UNFUNDED LIABILITY OBLIGATIONS**

24        "SEC. 866. At the end of each fiscal year, the Secretary  
25 shall notify the Secretary of the Treasury of the amount

1 equivalent to (1) interest on the unfunded liability com-  
2 puted for that year at the interest rate used in the then  
3 most recent valuation of the System, and (2) that portion  
4 of disbursement for annuities for that year which the Sec-  
5 retary estimates is attributable to credit allowed for military  
6 service. Before closing the accounts for each fiscal year, the  
7 Secretary of the Treasury shall credit to the Fund, as a Gov-  
8 ernment contribution, out of any money in the Treasury  
9 of the United States not otherwise appropriated, the follow-  
10 ing percentages of such amounts: 10 per centum for 1971;  
11 20 per centum for 1972; 30 per centum for 1973; 40 per  
12 centum for 1974; 50 per centum for 1975; 60 per centum  
13 for 1976; 70 per centum for 1977; 80 per centum for 1978;  
14 90 per centum for 1979; and 100 per centum for 1980 and  
15 for each fiscal year thereafter. The Secretary shall report to  
16 the President and to the Congress the sums credited to the  
17 Fund under this section."

18 (b) The provisions of section 866 of the Foreign Service  
19 Act of 1946, as contained in the amendment made by sub-  
20 section (a) of this section, shall become effective at the be-  
21 ginning of the fiscal year which ends on June 30, 1971.

22 TITLE II—FOREIGN SERVICE RETIREMENT

23                   BENEFITS

24 SEC. 201. Section 804(b) of the Foreign Service Act  
25 of 1946 (22 U.S.C. 1064(b)) is amended by adding at the

1        "(6) 'Price index' means the Consumer Price Index  
2 (all items—United States city average) published monthly  
3 by the Bureau of Labor Statistics."

4        SEC. 202. (a) Section 821 (a) of such Act (22 U.S.C.  
5 1076 (a) ) is amended by striking out "five" each place it  
6 appears and inserting in lieu thereof at each such place  
7 "three".

8        (b) Section 821 (c) of such Act (22 U.S.C. 1076 (c) )  
9 is amended as follows:

10        (1) Paragraph (1) of such section is amended by  
11 striking out all after "(i)" and inserting in lieu thereof  
12 "\$900; or (ii) \$2,700 divided by the number of children."

13        (2) Paragraph (2) of such section is amended by  
14 striking out all after "(i)" and inserting in lieu thereof  
15 "\$1,080; or (ii) \$3,240 divided by the number of children."

16        SEC. 203. (a) Section 832 (b) of such Act (22 U.S.C.  
17 1082 (b) ) is amended—

18            (1) by striking out "five years" and inserting in  
19 lieu thereof "eighteen months"; and

20            (2) by inserting immediately before the semicolon  
21 following "section 821 (a)" the following: "and if the  
22 participant had less than three years creditable civilian  
23 service at the time of death, the survivor annuity shall  
24 be computed on the basis of the average salary for the  
25 entire period of such service".

1       (b) Subsections (c) and (d) of such section 832 are  
2 each amended by striking out "five years" and inserting in  
3 lieu thereof "eighteen months".

4       SEC. 204. (a) Section 851 of such Act (22 U.S.C.  
5 1091) is amended (1) by inserting "(a)" immediately after  
6 "SEC. 851.", and (2) by striking out "the Federal Em-  
7 ployees' Compensation Act of September 7, 1916, as  
8 amended" and inserting in lieu thereof "subchapter 1 of  
9 chapter 81 of title 5, United States Code".

10       (b) Section 851 of such Act is further amended by  
11 adding at the end thereof the following new subsection:

12       "(b) In computing any annuity under this title, the  
13 total service of a participant who retires on an immediate  
14 annuity or who dies leaving a survivor or survivors entitled  
15 to annuity includes, without regard to the thirty-five-year  
16 limitation imposed by section 821(a), the days of unused  
17 sick leave to his credit except that these days will not be  
18 counted in determining average basic salary or annuity  
19 eligibility under this title. A contribution to the Fund shall  
20 not be required from a participant for this service credit."

21       SEC. 205. Section 882 of such Act (22 U.S.C. 1121)  
22 is amended to read as follows:

23       "SEC. 882. (a) Effective the first day of the third  
24 month which begins after the date of enactment of the  
25 Foreign Service Act Amendments of 1969 (hereafter in

1 this section referred to as 'this amendment'), each annuity  
2 payable from the Fund which has a commencing date not  
3 later than such effective date shall be increased by 1 per  
4 centum plus the per centum rise in the price index adjusted  
5 to the nearest one-tenth of 1 per centum, determined by the  
6 Secretary on the basis of the increase in the price index  
7 for the month latest published on the date of enactment  
8 of this amendment over the average price index for the  
9 calendar year forming the basis for the last increase under  
10 this section prior to this amendment.

11        "(b) Effective the first day of the third month which  
12 begins after the price index shall have equaled a rise of at  
13 least 3 per centum for three consecutive months over the  
14 price index for the month last used to establish an increase,  
15 each annuity payable from the Fund which has a commenc-  
16 ing date not later than such effective date shall be increased  
17 by 1 per centum plus the per centum rise in the price index  
18 (calculated on the highest level of the price index during the  
19 three consecutive months) adjusted to the nearest one-tenth  
20 of 1 per centum.

21        "(c) Eligibility for an annuity increase under this sec-  
22 tion shall be governed by the commencing date of each an-  
23 nuity payable from the Fund as of the effective date of an  
24 increase except as follows:

25        "(1) Effective from its commencing date, an annuity

1 payable from the Fund to a surviving wife, husband, or des-  
2 ignated beneficiary of an annuitant shall be increased by  
3 the total per centum increase the annuitant was receiving  
4 under this section at death.

5 " (2) For purposes of computing an annuity which com-  
6 mences on or after November 1, 1969, to a child under sec-  
7 tion 821 (c) or 832 (c) or (d), the items \$900, \$1,080,  
8 \$2,700, and \$3,240 appearing in section 821 (c) shall be  
9 increased by the total per centum increases allowed and in  
10 force under this section subsequent to November 1, 1969.

11 " (d) No increase in annuity provided by this section  
12 shall be computed on any additional annuity purchased at  
13 retirement by voluntary contributions.

14 " (e) The monthly installment of annuity after adjust-  
15 ment under this section shall be fixed at the nearest dollar,  
16 except such installment shall after adjustment reflect an  
17 increase of at least \$1."

18 SEC. 206. (a) The amendments made by sections 202  
19 (a), 203, and 204 shall become effective as of October  
20 20, 1969. Such amendments shall not apply to persons re-  
21 tired or otherwise separated prior to such date, and the rights  
22 of such persons and their survivors shall continue in the same  
23 manner and to the same extent as if such sections had not  
24 been amended by this Act.

25 (b) Any lump sum payment of contributions and interest

1 made pursuant to section 832 (a) of such Act because of the  
2 death of a participant shall be repaid to the Fund, or arrange-  
3 ments satisfactory to the Secretary of State made for such  
4 repayment, before any annuity authorized by the amend-  
5 ments made by section 203 shall be paid to any survivor of  
6 such participant.

7 (c) The amendments made by section 202 (b) shall  
8 become effective as of November 1, 1969.

9 (d) The annuity of each child entitled to receive an  
10 annuity under sections 821 (c) and 832 (c) and (d) of such  
11 Act, as amended by this Act, shall be recomputed, effective  
12 as of November 1, 1969, in accordance with section 821 of  
13 such Act as amended by this Act. No increase allowed and in  
14 force prior to November 1, 1969, shall be included in the  
15 recomputation of any such annuity, and this subsection shall  
16 not operate to reduce any annuity.

17 (e) Section 882 (c) (1) of such Act as amended by this  
18 Act shall not apply with respect to survivor annuities in  
19 effect on the date of enactment of this Act.

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